

The Revenue Impact of Corporate Tax Incentives

The Governmental Accounting Standards Board (GASB) is the professional organization that establishes standards of accounting and financial reporting for state and local governments. In 2015, GASB added "[Statement No. 77 on Tax Abatement Disclosures](#)" to its Generally Accepted Accounting Principles (GAAP). GASB 77 requires most state and local governments (including school districts) to report tax abatement programs (if they have such a program/s) in their annual comprehensive financial reports (ACFRs), specifying the **amount of revenue reduced or foregone** as a result of these tax abatements programs. This new rule, GASB 77, allows the public to see how much money for public services is lost to tax breaks given to corporations. This fact sheet summarizes that foregone revenue for the five most populous cities, counties, and school districts (where available) and the state itself in Illinois.

Between fiscal years 2017 and 2021, the state of Illinois and its five largest cities, counties, and school districts **lost nearly \$1.7 billion** due to economic development tax breaks. The tables below list **only** the five most populous cities, counties, school districts, and the state itself; however, among this group, only six of the 16 entities disclosed any revenue lost to tax breaks. The true statewide total is presumably much higher, because the Prairie State has more local taxing jurisdictions than any other (6,964), and possibly because some of these 10 non-reporting jurisdictions have losses.

Foregone Tax Revenue, Five Most Populous School Districts in Illinois					
	2017	2018	2019	2020	2021
Chicago Public Schools	\$37,500,000	\$34,900,000	\$32,800,000	\$39,400,000	\$44,500,000
School District U-46	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Rockford School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Indian Prairie Community School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Plainfield School District	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Annual Total	\$37,500,000	\$34,900,000	\$32,800,000	\$39,400,000	\$44,500,000
Selected School Districts Five-Year Total: \$189,100,000					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

Foregone Tax Revenue, Five Most Populous Cities, Counties and State of Illinois					
	2017	2018	2019	2020	2021
City of Chicago	\$85,100,000	\$110,500,000	\$139,600,000	\$88,480,000	\$92,100,000
City of Aurora	\$179,255	\$29,753	No Disclosure	No Disclosure	No Disclosure
City of Naperville	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
City of Joliet	\$1,392,222	\$1,244,584	\$1,066,883	\$1,137,245	\$1,366,561
City of Rockford	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Cook County	\$12,900,000	\$11,400,000	\$13,200,000	\$14,500,000	\$16,800,000
DuPage County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Will County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Lake County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
Kane County	No Disclosure	No Disclosure	No Disclosure	No Disclosure	No Disclosure
State of Illinois	\$181,300,000	\$195,400,000	\$160,400,000	\$198,000,000	\$165,700,000
Annual Total	\$280,871,477	\$318,574,337	\$314,266,883	\$302,117,245	\$275,966,561
Selected Cities, Counties, and State Five-Year Total: \$1,491,796,503					
Selected School Districts, Cities, Counties, and State 5-Year Total Foregone Revenue: \$1,680,896,503					

Source: Annual Comprehensive Financial Reports for the reported jurisdictions

During this five-year period, Illinois and just six of its reporting jurisdictions lost an average of \$336 million every year due to economic development tax breaks. Some of these abatements are in the form of Tax Increment Financing (TIF) agreements, which capture the increase in property taxes, and sometimes other taxes, resulting from new development, and divert that revenue to subsidize the development.

Key findings:

- From 2017 through 2021: **The Chicago Public School District** lost \$189 million, all of which were passive — i.e., taxes abated by other jurisdictions. All revenue loss is due to Cook County property tax abatements for industrial and commercial projects.
- **The City of Chicago’s revenue loss increased by 8%**, from \$85 million in 2017 to \$92 million in 2021, largely due to TIF agreements. No city in the U.S. has more TIFs than Chicago.
- **The State of Illinois lost \$901 million in abatements**, 92% of which were due to the state’s Economic Development in a Growing Economy (EDGE) program, a “paying taxes to the boss” subsidy that can be carried forward for up to 10 years.

Again: these findings are only from a handful of Illinois cities, counties, and school districts. The state 2,722 municipalities, 102 counties, 934 school districts, and many more local taxing bodies.

For more information about these abatements, see taxbreaktracker.goodjobsfirst.org.

For company-specific information, see subsidytracker.goodjobsfirst.org.